

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**Medicare Coverage of Non-Physician
Practitioner Services**



**June 2001
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EXECUTIVE SUMMARY

PURPOSE

To describe the scope of services nurse practitioners, clinical nurse specialists, and physician assistants provide to Medicare beneficiaries, and to identify any potential vulnerabilities that may have emerged since the Balanced Budget Act of 1997.

BACKGROUND

Nurse practitioners, clinical nurse specialists, and physician assistants are health care providers who practice either in collaboration with or under the supervision of a physician. We refer to them as non-physician practitioners. States are responsible for licensing and for setting the scopes of practice for all three specialties. Services provided by them can be reimbursed by Medicare Part B.

The Balanced Budget Act of 1997 (BBA97) modified the way the Medicare program pays for their services. Prior to January 1, 1998, their services were reimbursed by Medicare only in rural areas and certain health care settings. Payments are now allowed in all geographic areas and health care settings permitted under State licensing laws. Furthermore, nurse practitioners and clinical nurse specialists are now allowed to bill Medicare directly. The services of a physician assistant, however, must continue to be billed by an employer.

Our study is based on: a review of the State scopes of practice; an analysis of Medicare billing data from the years 1997, 1998, and 1999; and information obtained from Medicare Part B carrier medical directors.

Because this inspection's intent is to be a first look at the effect of the new coverage rules under BBA97, the findings are descriptive in nature. The inspection presents what the billing data show. It also describes the State scopes of practice that are used to control billing. It is not the purpose of this inspection to evaluate the benefits or disadvantages of non-physician practitioner services.

FINDINGS

Non-Physician Practitioner Billings Are Rising Rapidly

It appears that the Balanced Budget Act of 1997 is having a substantial effect on non-physician practitioner billing. In 1999, Medicare paid for 5.2 million services, compared to 1.2 million services in 1997. Because some of these services had been billed as "incident to" prior to 1997, we were unable to determine how much of the increase in

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billings was due to real growth in services and how much was due to simple changes in billing practices. The top services billed were for office or outpatient visits in office settings.

State Scopes of Practice Provide Little Guidance to Carriers

Our analysis found that the State scopes of practice are broad and as a result provide little guidance that carriers can use to process claims. Most scopes of practice contain only a general statement about the responsibilities, education requirements, and a non-specific list of allowed duties and do not explicitly identify services that are complex or beyond their scope. Carriers voice concerns over non-physician practitioners performing services such as surgery and endoscopies. Furthermore, when a service is not addressed in a scope, it cannot be assumed that a non-physician practitioner cannot provide that service. Scopes, as well as Medicare, call for collaboration with a physician. This may have the effect of either limiting or expanding the services that are allowed. If a nurse practitioner is directed by a cardiologist to make a complex diagnosis, there is nothing in the scopes preventing such a practice. In fact, States generally have a vague definition for acts such as diagnosis.

Carrier Monitoring of Non-Physician Practitioner Claims is Limited

Although all but one Medicare carrier acknowledges that non-physician practitioners are included in post-payment reviews, most carriers confirm that no pre-payment edits exist to monitor their claims. Several carriers state that monitoring is limited by the broad language in their scope of practice. Sixteen carriers do not verify that the non-physician practitioners are working within their scope, and at least 22 carriers do not check the collaborative or supervisory agreements. Most information given to carriers from HCFA include basic Balanced Budget Act language, and directives to treat non-physician practitioners as a physician when monitoring their claims.

CONCLUSION

The Balanced Budget Act successfully opened up the medical practice to non-physician practitioners, regardless of care settings. Non-physician practitioner billings are rising rapidly, but controls, which are based on scopes of practice, are limited. State scopes of practice are vague and broad. As such, carriers do not have sufficient guidance to distinguish which non-physician practitioner services should be reimbursed by the program and which should not. This creates potential vulnerabilities, both from payment and quality of care standpoints. Therefore it may be appropriate to consider other additional controls for Medicare payments to non-physician practitioners. We plan to monitor non-physician practitioner services for both overall trends and for complex services.

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Agency Comments

We received comments on the draft report from the Health Care Financing Administration. They concur with our conclusion regarding vulnerabilities when non-physician practitioners bill Medicare. They are, however, sensitive to increasing the monitoring burden on contractors. The HCFA expressed a willingness to work with the OIG to monitor vulnerabilities in non-physician practitioner billings. We plan to do additional work to identify specific vulnerabilities by examining the billing practices of non-physician practitioners.

The full text of HCFA's comments are contained in Appendix F.